



FISCAL MEMORANDUM

SB 958 - HB 1274

March 1, 2022

SUMMARY OF BILL AS AMENDED (013790): Establishes a voluntary shared work unemployment benefit program that allows certain employers to submit to the Department of Labor and Workforce Development (DLWD) a plan to reduce employee work hours in exchange for employee access to a certain level of unemployment compensation benefits. Such benefits may include health insurance for hospital, medical, dental, and other services, as well as retirement benefits, paid vacation and holidays, sick leave, or other compensable time that are incidents of employment in addition to the cash remuneration earned. Effective upon becoming a law for rulemaking purposes and December 1, 2023 for all other purposes.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – Due to multiple unknown factors, the net impact, if any, to state expenditures from the Unemployment Insurance Trust Fund, as a result of implementing a shared work program, cannot be reasonably estimated. Any such impact will be incurred in FY23-24 and subsequent years.

Assumptions for the bill as amended:

- Programs such as the shared work unemployment benefit program are designed as a reduction or alternative to layoffs for employers who have been faced with a reduction in available work. It also allows an affected group of employees the ability to collect unemployment benefits while working reduced hours.
- This legislation would allow an employer apply with the Department of Labor and Workforce Development (DLWD) to establish a shared work benefits plan.
- Based on information gathered from the State of Missouri Department of Labor's 2018 annual report, the Department's shared work program featured:
 - 284 participating employers;
 - 15,268 layoffs avoided; and
 - \$3,049,132 paid in shared work benefits.
- Missouri's shared work program was signed into law on July 1, 2014.
- It is unknown what amount of unemployment benefit payouts, in the form of state expenditures, were avoided by implementing this shared work program.
- It is assumed that this legislation will result in a progressive increase in participating employers.

- It is assumed that this legislation could result in a decrease in unemployment benefits provided to individuals who, under a shared work programs, would be compensated for work, although in the form of reduced weekly hours.
- Employers may also choose to select a greater number of employees to participate in the shared worker program rather than laying off a lower number of employees.
- The extent to which employers choose to participate in the shared work program resulting in reduced hours for employees rather than employees being laid off is unknown, therefore, the precise decrease in state expenditures from the Unemployment Insurance Trust Fund, if any, cannot be reasonably determined.

IMPACT TO COMMERCE OF BILL AS AMENDED:

Other Fiscal Impact – This legislation is expected to lead to an overall decrease in the number of unemployed individuals; however, there will be a corresponding increase in the number of under-employed individuals. The total net impact on jobs and commerce cannot be determined. Such impacts will be realized in FY23-24 and subsequent years.

Assumptions for the bill as amended:

- This legislation is expected to lead to an overall decrease in the number of unemployed individuals; however, there will be a corresponding increase in the number of under-employed individuals. The total net impact on jobs and commerce cannot be determined.
- Any impact on business expenditures is considered permissive; and any net impact statewide is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/bs